

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session
COMMITTEE ON WAYS AND MEANS
Report of Regular Meeting
Monday, January 25, 2016
House Hearing Room 3 -- 2:00 p.m.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE

1-25-16

Convened 2:09 p.m.

Recessed

Reconvened

Adjourned 2:53 p.m.

Members Present

Mr. Bolding
Mr. Cardenas
Mr. Mesnard
Mr. Olson
Ms. Ugenti-Rita
Mr. Weninger
Mr. Wheeler
Mr. Kern, Vice-Chairman
Mr. Mitchell, Chairman

Members Absent

None

Agenda

Original Agenda – Attachment 1

Request to Speak

Report – Attachment 2

Committee Action

<u>Bill</u>	<u>Action</u>	<u>Vote</u>	<u>Attachments</u> (Summaries, Amendments, Attendance)
HB2005	HELD		
HB2008	DP	8-0-0-1	3, 4
HB2025	DPA	8-0-0-1	5, 6, 7
HB2028	HELD		
HB2125	DPA	9-0-0-0	8, 9, 10
HB2127	DP	9-0-0-0	11, 12
HB2187	DP	9-0-0-0	13, 14
Committee Attendance			15



Abby Selvey, Chairman Assistant
January 25, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

COMMITTEE ON WAYS AND MEANS
Monday, January 25, 2016

REVISED - 01/21/16

REVISED - 01/21/16

Conv: 2:09pm
Adj: 2:53pm
REVISED - 01/21/16

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON WAYS AND MEANS

DATE Monday, January 25, 2016

ROOM HHR 3

TIME 2:00 P.M.

Members:

Mr. Bolding
Mr. Cardenas
Mr. Mesnard

Mr. Olson
Ms. Ugenti-Rita
Mr. Weninger

Mr. Wheeler
Mr. Kern, Vice-Chairman
Mr. Mitchell, Chairman

1. Introduction of Members and Staff
2. Committee of Reference Appointment
3. Consideration of Bills

Bills	Short Title	Strike Everything Title
HB2008	<u>DP</u> extracurricular activity credit; optional fees (Norgaard)	
	<u>8-0-0-1</u> WM, RULES	
HB2025	<u>DPA</u> utilities TPT; sales of propane (Mitchell)	
	<u>8-0-0-1</u> WM, RULES	
HB2028	<u>Held</u> taxes; payment; condemned property (Mitchell)	
	WM, RULES	
HB2125	<u>DPA</u> district boundary modifications; parcel lines (Shope)	
	<u>9-0-0-0</u> WM, RULES	
HB2127	<u>DP</u> small property tax balance delinquency. (Mesnard)	
	<u>9-0-0-0</u> WM, RULES	
HB2187	<u>DP</u> municipal codes; publication; online (Mitchell)	
	<u>9-0-0-0</u> WM, RULES	

C.O.R. Appointment
Mr. Bolding

Bills

Short Title

Strike Everything Title

ADDENDUM #1 - 01/21/16

→ HB2005

Held

tax abatement; no parcel number

(Finchem, Mitchell: Lawrence, et al)

WM, RULES

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

ams

1/21/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Information Registered on the Request to Speak System

House Ways and Means (1/25/2016)

HB2008, extracurricular activity credit; optional fees

Testified as opposed:

Stacey Morley, AZ EDUCATION ASSN

Support:

Thomas Woodrow, representing self; Barry Aarons, ARIZONA ASSOCIATION OF COUNTY SCHOOL SUPERINTENDENTS; Janice Palmer, AZ School Boards Assn; Marcus Dell'Artino, CHANDLER UNIFIED SCHOOL DISTRICT NO 80; Mark Barnes, AZ SCHOOL ADMINISTRATORS ASSOC

Neutral:

Sean Laux, AZ DEPT OF REVENUE

HB2025, utilities TPT; sales of propane

Testified as neutral:

Sean Laux, AZ DEPT OF REVENUE

Testified as opposed:

Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION; Zaida Dedolph, representing self

Support:

Barry Aarons, AZ PROPANE GAS ASSOCIATION

All Comments:

Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION: We oppose this bill because it is a cut to general fund revenues at a time when our economy has only begun to recover. We urge the members of the committee to consider that any cut to revenue would be premature.; Zaida Dedolph, Self: This bill has the potential to cut general fund revenues at a time when our economy has only begun to recover. We urge the committee to consider that any cut to revenue would be premature.

HB2125, district boundary modifications; parcel lines

Testified in support:

Trey Williams, AZ ASSOCIATION OF COUNTIES; Michael Combrink, Maricopa County Assessor's Office

Testified as neutral:

Russell Smoldon, AMPUA, Cortaro-Marana Irrigation District

Oppose:

Robert Lynch, IRRIGATION AND ELECTRICAL DIST ASSN

All Comments:

Russell Smoldon, AMPUA, Cortaro-Marana Irrigation District: We have concerns about the unintended consequences of applying this to all Title 48 Districts; Robert Lynch, IRRIGATION AND ELECTRICAL DIST ASSN: Against in current form. This bill addresses a problem concerning only county flood control districts. It should be amended to do just that. The bill as written conflicts with Title 48 Statutes and conflicts with their due process requirements.

HB2127, small property tax balance delinquency.**Testified in support:**

Megan Kintner, representing self

Support:

Michael Combrink, Maricopa County Assessor's Office

All Comments:

Michael Combrink, Maricopa County Assessor's Office: We are in support of this pro taxpayer legislation.

HB2187, municipal codes; publication; online**Support:**

Julie Rees, City Of Sierra Vista; Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Tom Belshe, League Of Arizona Cities And Towns; Amanda Rusing, Arizona Planning Association

HB2005, tax abatement; no parcel number**Neutral:**

Michael Combrink, Maricopa County Assessor's Office

Oppose:

Megan Kintner, representing self



HOUSE OF REPRESENTATIVES

HB 2008

extracurricular activity credit; optional fees
Prime Sponsor: Representative Norgaard, LD 18

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2008 expands the Public School Tax Credit eligibility criteria to include voluntary participation fees paid for a public school extracurricular activity.

PROVISIONS

1. Modifies the definition of *extracurricular activity* to include school-sponsored activities for which students pay a voluntary participation fee.
2. Makes conforming changes.

CURRENT LAW

Established by Laws 1997, Chapter 48, the Public School Tax Credit permits a taxpayer to receive a tax credit in an amount equal to as much as \$200 for an individual or \$400 for a married couple for contributions for standardized testing fees, the career and technical education industry certification assessment, extracurricular activities and character education programs. In Tax Year 2014, the Arizona Department of Revenue reported 266,087 claims totaling \$50,991,999.

Extracurricular activities is defined as school-sponsored activities that require enrolled students to pay a fee in order to participate (A.R.S. § 43-1089.01).

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2008

DATE January 25, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita		✓			
Mr. Weninger		✓			
Mr. Wheeler					✓
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

APPROVED: 

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 4



HOUSE OF REPRESENTATIVES

HB 2025

utilities TPT; sales of propane

Prime Sponsor: Representative Mitchell, LD 13

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2025 exempts the sale of propane to a business that is engaged in manufacturing or smelting operations from transaction privilege tax (TPT) and use tax.

PROVISIONS

1. Deducts the gross proceeds of sales or gross income derived from the sale of propane to a business that is engaged in manufacturing and smelting operations and that uses at least 51% of the propane in manufacturing or smelting operations from the utilities classification of TPT.
2. Exempts the purchase price of propane used by a business that is engaged in manufacturing or smelting operations and that uses at least 51% of the propane in manufacturing or smelting operations from use tax.
3. Specifies that a municipality must either tax or exempt in whole the gross proceeds of sales or gross income from sales of propane to a business that uses at least 51% of the propane in manufacturing and smelting operations.
4. Makes conforming changes.

CURRENT LAW

Laws 2014, Chapter 7 created an exemption from use tax and TPT for the gross proceeds of sales or gross income derived from the sale of electricity and natural gas to a business that is engaged in manufacturing and smelting operation and that uses at least 51% of the electricity or natural gas in the manufacturing and smelting operations.

ADDITIONAL INFORMATION

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax.

Use tax is assessed on items purchased in other states and brought into Arizona for storage, use, or consumption and for which no tax or a tax at a lesser rate has been paid in another state. Use tax is imposed on all transactions in which TPT was not.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2025

(Reference to printed bill)

- 1 Page 2, lines 29 and 31, strike "PROPANE" insert "LIQUEFIED PETROLEUM GAS"
- 2 Page 16, lines 36 and 39, strike "PROPANE" insert "LIQUEFIED PETROLEUM GAS"
- 3 Page 17, line 31, strike "propane" insert "liquefied petroleum gas"
- 4 Lines 35 and 39, strike "PROPANE" insert "LIQUEFIED PETROLEUM GAS"
- 5 Page 18, after line 11, insert:
 - 6 "Sec. 4. Effective date
 - 7 This act applies to taxable periods beginning the first day of the
 - 8 month following the general effective date."
 - 9 Amend title to conform

DARIN MITCHELL

2025MITCHELL
01/21/2016
10:33 AM
H: mm/ajh

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2025

DATE January 25, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita		✓			
Mr. Weninger		✓			
Mr. Wheeler					✓
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		8	0	0	1

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 7



HOUSE OF REPRESENTATIVES

HB 2125

district boundary modifications; parcel lines
Prime Sponsor: Representative Shope, LD 8

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2125 allows special taxing district (district) boundary lines to be adjusted if the current lines split a parcel.

PROVISIONS

1. Allows a property owner whose parcel is split by a district boundary line to request the county assessor, in writing, to modify the district boundary so that the entire parcel is contained within the district that governs the majority of the area of the parcel.
 - a. Specifies that if the parcel is split evenly between two parcels, the property owner may choose which district to join.
2. Authorizes a county assessor to initiate the consolidation of a parcel found to be split into two districts.
 - a. Requires the county assessor to provide a property owner of a split parcel with at least 30 days' notice of the consolidation.
 - b. Allows the property owner to accept or reject the consolidation.
3. Makes technical and conforming changes.

CURRENT LAW

A.R.S. § 48-272 specifies that any proposed district formed after November 1, 2007 may only include entire parcels of real property within its boundary lines as determined by the county assessor and is prohibited from splitting any parcels.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2125

(Reference to printed bill)

- 1 Page 1, line 15, strike "DISTRICT" insert "DISTRICTS"; strike "GOVERNS" insert
- 2 "GOVERN"
- 3 Line 16, after "DISTRICTS" insert "OF THE SAME TYPE"
- 4 Line 18, after the period insert "THIS SUBSECTION DOES NOT APPLY TO SPECIAL
- 5 TAXING DISTRICTS FORMED PURSUANT TO TITLE 48, CHAPTER 19."
- 6 Line 21, strike "SPECIAL TAXING DISTRICT" insert "TAX PARCEL"
- 7 Amend title to conform

DARIN MITCHELL

2125MITCHELL
01/22/2016
11:38 AM
H: mm/ajh

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2125

DATE January 25, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		9	0	0	0

APPROVED: _____

DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman

Abby Selvey
COMMITTEE SECRETARY

ATTACHMENT 10



HOUSE OF REPRESENTATIVES

HB 2127

small property tax balance delinquency.

Prime Sponsor: Representative Mesnard, LD 17

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2127 delays the date of delinquency for property taxes equaling \$100 or less from November 1 to December 31.

PROVISIONS

1. Extends the date of delinquency for property taxes equaling \$100 or less from November 1 to December 31.
2. Makes technical changes.

CURRENT LAW

A.R.S. § 48-18052 specifies the dates in which property tax payments are due and when they are delinquent. If a taxpayer owes \$100 or less in property taxes, the entire amount is due on October 1 of each year and is considered delinquent if not paid by November 1 at 5:00 P.M.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2127

DATE January 25, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		9	0	0	0

APPROVED:



DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 12



HOUSE OF REPRESENTATIVES

HB 2187

municipal codes; publication; online

Prime Sponsor: Representative Mitchell, LD 13

X Committee on Ways and Means

Caucus and COW

House Engrossed

OVERVIEW

HB 2187 allows municipal codes to be published online.

PROVISIONS

1. Extends the definition of *published* to also include electronic reproduction online.

CURRENT LAW

A.R.S. § 9-802 requires a municipality enacting the provisions of a code to publish the adopting ordinance in full. Municipal codes for the purposes of public record are *published* either through print, lithograph, multigraph, mimeograph or otherwise reproduced (A.R.S. § 9-801).

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON WAYS AND MEANS BILL NO. HB 2187

DATE January 25, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Bolding		✓			
Mr. Cardenas		✓			
Mr. Mesnard		✓			
Mr. Olson		✓			
Ms. Ugenti-Rita		✓			
Mr. Weninger		✓			
Mr. Wheeler		✓			
Mr. Kern, Vice-Chairman		✓			
Mr. Mitchell, Chairman		✓			
		9	0	0	0

APPROVED:


DARIN MITCHELL, Chairman
ANTHONY KERN, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 14

ARIZONA STATE LEGISLATURE
 Fifty-second Legislature - Second Regular Session
COMMITTEE ATTENDANCE RECORD

COMMITTEE ON WAYS AND MEANS

CHAIRMAN: Darin Mitchell VICE-CHAIRMAN: Anthony Kern

DATE	1/25 /16	/16	/16	/16	/16
CONVENED	2:09 pm	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	2:53 pm				
MEMBERS					
Mr. Bolding	✓				
Mr. Cardenas	✓				
Mr. Mesnard	✓				
Mr. Olson	✓				
Ms. Ugenti-Rita	✓				
Mr. Weninger	✓				
Mr. Wheeler	✓				
Mr. Kern, Vice-Chairman	✓				
Mr. Mitchell, Chairman	✓				

✓ Present --- Absent exc Excused